

MINUTES
LEGISLATIVE GOVERNMENT OVERSIGHT COMMITTEE
September 17, 2007

The Legislative Government Oversight Committee met September 17, 2007, in the Supreme Court Chamber at the Capitol. Senator Tom Courtney, Chair, called the meeting to order at 11:02 a.m. Other members present were:

Senator Ron Wieck, RM
Senator Mary Lundby
Senator Becky Schmitz

Representative Vicki Lensing, Chair
Representative Wayne Ford, VC
Representative Ralph Watts, RM
Representative Clel Baudler
Representative Deborah Berry
Representative Steven Olson
Representative Kurt Swaim
Representative Jodi Tymeson
Representative Wes Whitead

MINUTES

Senator Courtenay made a motion to approve the minutes from the previous meeting. No changes were noted. The Committee approved the minutes from the July 23 and 24, 2007 meeting.

OVERVIEW

The primary focus of the meeting concerned updates regarding the E911 Program and the Iowa Lottery, a discussion of motor fuel quality monitoring and the Renewable Fuels Infrastructure Program, a report regarding the development status of the Honey Creek Premier Destination State Park, and specified waste disposal issues. In addition, a new legislative staffer for the Committee was introduced to the members.

E911 PROGRAM AND QUARTERLY REPORT REVIEW

Ms. Jennifer Acton, Legislative Services Agency, Fiscal Services Division, summarized the second calendar quarter report for FY 2006-2007 received from the Office of Homeland Security and Emergency Management Division of the Department of Public Defense, as required by law. Ms. Acton indicated that the division received \$3.7 million in revenue from the E911 wireless surcharge for the quarter, which was an increase of \$87,000 over the revenue earned the previous quarter. Ms. Acton related expenditures from the fund in priority order, and noted that \$935,000 in unencumbered funds remain in the Carryover Fund, with approximately ten network upgrade project approval application forms pending for the next calendar quarter.

Mr. John Benson, Iowa E911 Program Manager, distributed and reviewed cost breakdown spreadsheets to supplement Ms. Acton's summary. He identified as uses for carryover funding increasing network trunk capacity, continued progress in achieving interstate interconnectivity, and facilitating funding access for local answering point projects through a newly developed application process to achieve compliance with Iowa Code Chapter 34A.

Committee discussion concerned the extent to which local service boards are adversely impacted by decreasing wireline surcharge revenues and local efforts to address it, the extent to which 911 calls can truly be categorized as emergency in nature, and the possibility of establishing a legislative subcommittee to review E911 funding streams and developing technology. In addition, Representative Baudler requested that Iowa E911 bring an expert on the technology used and needed for Phase 2 for the January update to the Committee. Representative Lensing asked if there are any good models in other states, and if so, if Iowa E911 could provide them at the January update.

IOWA LOTTERY

Ms. Mary Neubauer, Vice President External Relations, Iowa Lottery, presented a semi-annual update regarding lottery operations and a review of the lottery's Annual Report. Ms. Neubauer stated that the Iowa Lottery is experiencing a good year from a revenue standpoint, with sales of existing products projected to increase by more than seven percent. She noted, however, that overall lottery sales and proceeds to the State will decrease in FY 2007 due to discontinuation of the TouchPlay project. She provided a breakdown of utilization of lottery profits by the State since the lottery's inception in 1985, described combined efforts by the Iowa Attorney General's Office and the lottery to educate Iowans regarding fraudulent counterfeit-check lottery scam efforts, noted that the lottery's FY 2008 budget has been revised to reflect salary-adjustment decisions made during the 2007 Legislative Session, supplied a revenue and expenditure breakdown for the lottery over the previous five year period, and indicated that the most recent lottery audit conducted by the State Auditor's Office was favorable.

Ms. Neubauer also described the successful introduction of a new instant-scratch game honoring John Wayne, discussed efforts by the lottery to coordinate with the Department of Revenue and Finance in publicizing the Tax Amnesty Program passed during the 2007 Legislative Session, summarized an instant-scratch game being jointly developed by the Iowa and Kansas lotteries, explained the rationale for discontinuing the electronic game card product, and commented on preliminary discussions taking place regarding the development of a global lotto game. She further addressed efforts to publicize the existence of unclaimed lottery prizes; the reduction of nightly system shutdown duration for maintenance and backup; ability of the lottery system to assist in Amber Alerts through 2,600 retail locations; assistance by lottery security officials in stolen ticket cases; the status of lawsuits involving banning TouchPlay machine operation and the denial of claims by the Des Moines Register of open records violations by the lottery relating to TouchPlay sales data; the impact of casino expansion and rising fuel prices on lottery sales, operations, and profits; and monitoring by lottery executives of developments stemming from a federal prohibition on illegal internet gambling.

Committee discussion included concern regarding international expansion of lottery products, the impact of Director Ed Stanek's resignation, categorization of lottery employee salaries and benefits as "personal services" as required by the State accounting system, and whether performance-based salary bonuses are awarded to lottery employees.

Several members raised concerns regarding the negotiations for an international lotto game with other countries. Representatives Baudler, Ford, and Watts, as well as Senator Courtney urged the lottery to proceed carefully with international negotiations and inquired about the authority the Iowa Lottery has to conduct these negotiations. In addition, Representative Ford requested that Ms. Neubauer provide him with a list of entities that have asked to benefit from lottery revenues. Representative Tymeson requested a breakdown of lottery employees'

salaries to understand "personal services" that was in the handout that provided revenue and expenditure breakdown for the lottery over the previous five year period. Senator Courtney suggested that "personal services" should be changed in the report to accurately describe the line item it reflects, which are salaries and benefits for the lottery employees.

DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP

Motor Fuel Quality Monitoring.

Mr. Darryl Brown, Chief, Weights and Measures Bureau, Department of Agriculture and Land Stewardship (DALs), described the objectives of the Bureau and supplied figures relating to the number of gas pump and scale inspectors and inspections annually taking place. Mr. Brown specified the allocation of a \$600,000 appropriation for fiscal period 2006-2008 for motor fuel auditing, displayed and described the operation of a fuel analyzing unit employed by fuel inspectors, and indicated that the compliance rate statewide was generally very good.

Committee discussion included the cost of the fuel analyzing units and the fact that additional appropriations will be necessary when the current appropriation ends at the conclusion of FY 2008.

DEPARTMENT OF NATURAL RESOURCES

Honey Creek Premier Destination State Park.

Mr. Terry Montgomery, Honey Creek Project Director, Department of Natural Resources (DNR), provided a detailed review of the inception and development of the park and related the receipt of bids for construction of a lodge and cabins which were approximately \$14.0 million higher than project budget levels. A revised set of plans resulted in combined lodge and cabin rebids that remained \$8.0 million over the project budget, resulting in the decision by the department to move forward with lodge construction and delay cabin construction until full funding can be secured. Mr. Montgomery indicated that the cabins do need to be completed in order to meet the requirements of bond obligations, but that bond counsel has advised that as long as the cabins are built, the delay does not put them at fault. Mr. Montgomery indicated that construction of the lodge and accompanying aquatic and convention centers has begun, with completion slated for the summer of 2008. He provided a description of the facility, surrounding park and Rathbun Lake general vicinity, supplied occupancy rate projections, and expressed optimism that the park will be a popular repeat destination. Mr. Montgomery noted that DNR intends to ask for \$8 million dollars appropriations to cover budget shortfalls. Mr. Montgomery discussed the change in management and that after a breakdown in negotiations the expected group, Regency, will not be the management team for the park.

Committee discussion included questions regarding omissions in the original project budget, the tendency of publicly-funded projects of this nature to run over-budget, and Mr. Montgomery's marketing background and marketing efforts envisioned to promote the park. Representative Lensing asked Mr. Montgomery to confirm that if the legislature appropriates another \$8.0 million to the project to cover the cost overruns that it would be the last time the project asks for money. Mr. Montgomery responded by saying he did hope so.

Waste Management.

Department Director Richard Leopold introduced himself to the members of the Committee and made himself available for comments. Representative Tymeson related constituent concerns regarding solid waste (construction material) disposal, manure management plan requirements in connection with Prairie Meadows, and human waste disposal residential setback

requirements, and distributed responses received from the Department of Natural Resources. Mr. Leopold provided input and will coordinate departmental follow-up regarding the issues raised.

NEXT MEETING

The Committee is scheduled to meet October 29 and 30 in the Supreme Court Chamber at the Statehouse. The meeting will commence at 11:00 a.m. on October 29 and 9:00 a.m. on October 30.

ACTION ITEMS – FOLLOW UP

E-911:

- Representative Baudler asked if an expert on technology needed for Phase 2 could be brought in for the January update on E-911.
- Representative Lensing asked for other state models - if there are good models the Committee would like to see them in the January update.
- The Committee is considering the possibility of reviewing E-911 and taking a look at funding streams and technology.

Iowa Lottery:

- Representative Ford asked for Ms. Neubauer to email a list of the entities who want to benefit from lottery revenues.
- Representative Tymeson asked for a breakdown of employees' salaries to understand "personal services".

DNR:

- Director Reynolds said he will check to see if the 750 foot setback is still in place; Rep. Tymeson was under the impression that it had changed (relating to HF 854 and human waste).
- Rep. Baudler asked for DNR to discuss all releases of sewage into rivers for the year and have the wastewater expert to discuss. Suggested time for this is December.
- Rep. Watts wants DNR to send waste management expert to discuss rules and regulations regarding landfills relating to current State rules and EPA regulations. Suggested time for this is December.

ADJOURNED

Senator Courtney adjourned the meeting at 4:05 p.m.